

Factors Predicting Nursing Home Closure in Detroit and its Impact on Residents
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In the 11 months from December 2002 to November 2003, three nursing home closures in the city of Detroit were added to the growing list of seven nursing homes that were closed within the last 6 years. As a result of these closures, Detroit has 300 fewer nursing home beds than needed for its population. The lack of beds and the decline of quality long-term care have created a crisis for those seeking nursing home care.

This study, funded by the Detroit Area Agency on Aging, looks at the impact of the three most recent Detroit nursing home closures on the residents, examines the factors that might have predicted the closures, and makes recommendations based on the findings.

The three nursing homes examined in this study are:

- Alpha-Annex Nursing Center, voluntarily closed in December 2002
- Rosewood Living Center, involuntarily closed in August 2003
- LaSalle Nursing Home, voluntarily closed in November 2003

Literature Review

There has been a dramatic rise in the number of nursing home closures nationwide over the last several years. In fact, nursing home closures, which were once avoided at all costs, are now becoming commonplace. Often when facilities shut down, residents are given little or no warning and are forced to relocate quickly.

Nursing home residents who are forced to abruptly transfer are at a significantly higher risk of suffering “transfer trauma” which is associated with depression, increased irritability, serious illness, and elevated mortality risk. Also, residents who are forced to leave their home must move away from the residents and staff with whom they had strong attachments and without the assistance of counseling or support. Sometimes families are not notified or do not have the resources to help their loved ones with choosing a new facility, or in adjusting to the relocation.

There is a difference between a voluntary nursing home closure and an involuntary closure. A nursing home facility that is going bankrupt, being bought out, or chooses to close rather than correcting deficiencies is said to close voluntarily. Residents in these homes are often given warning about what is coming and are offered support in finding a new facility. On the other hand, facilities whose funds are terminated and licenses revoked by the Center for Medicare and Medicaid Services (CMS) due to lack of compliance are considered involuntary closures. Residents in these homes are forced to move right away with little or no advanced warning. Furthermore, many of the residents that survive a forced transfer experience anxiety, depression, loneliness, withdrawal, change in eating and sleeping habits, increased confusion, and other symptoms associated with transfer trauma.

Several studies have attempted to identify predictors of nursing home closure. The three major indicators of nursing home closures, as illustrated through an analysis of past closings, are financial difficulties, staffing shortages and transience, and/or environmental and physical plant problems.

Financial Difficulties

Wood's (2002) study of seven nursing homes that were terminated from participation in the Medicare/Medicaid program and later closed between 1997 and 2002 showed that all of the homes were in financial trouble due to funding cuts, bankruptcies, and fraud and abuse claims.

Nursing homes with financial difficulties often cut costs in ways that reduce the quality of care offered to their residents, often leading to deficiencies and termination of federal payments such as Medicare and Medicaid reimbursement, resulting in a cyclical pattern of further reduced quality. Nursing homes that have low Medicaid and Medicare reimbursements are not able to provide adequate levels of care for the residents. While some facilities whose federal funding is terminated are forced to close, some facilities can use private or state Medicaid funds to stay in operation (Wood, 2002).

Similar findings were noted by Hirschel (2003) in a study conducted of the Michigan Department of Consumer and Industry Services (CIS) from March 1998 to September 2000 on forced nursing home closures. This study also found that financial stress was a major contributing factor to involuntary nursing home closure. This study noted that those homes with financial difficulties that closed tended to be smaller than the homes with financial difficulties that stayed open, presumably as a result of economies of scale.

Some informational sources also mentioned the high costs of liability insurance as a reason for financial difficulties in nursing homes. Until the late-1990's, nursing home costs could be fully passed on to Medicaid and Medicare programs. However, since reimbursement rules became more restrictive, nursing home funding has been reduced. The result is that many homes have struggled to maintain profitability and even passable standards of care. A recent increase in available information on residents' rights, together with more media attention to poor nursing home care has resulted in dramatic increases in claims against these facilities. Some insurers report loss rates upward of 300% (Biondi, Richard S., "Nursing Home Liability Insurance Crisis," The Actuarial Digest, 2001). The resultant increase in insurance costs to nursing homes means fewer dollars for improved staffing, physical plants and resident care in general.

Staffing Shortages

The authors of the Direct Care Alliance Issue brief 2 noted that "staffing levels in nursing homes have not kept pace with the increased demand for more and better trained personnel." Many facilities are constantly understaffed as a reaction to fiscal cutbacks and budget demands. Subsequently, the residents in these homes receive poor care, the facilities are then cited for care deficiencies, and subsequently the nursing home is in jeopardy of losing federal funding.

Due to unreasonable workloads and insufficient compensation, there is high turnover among nursing home staff. Nursing homes at risk of involuntary closure frequently change administrators, directors of nursing (DONs), as well as nursing assistants (CNAs). Therefore, it is common for staff to be under trained and for management to fail in attempts at long term change. In her study of nursing home closures in Michigan, Hirschel (2003) noted that “all of the facilities that closed were cited for staffing issues during the period reviewed.”

Environmental and Physical Plant Problems

Facilities that were closed involuntarily also were repeatedly cited for serious physical plant and/or environmental problems. These facilities often have structural and architectural problems that put the residents at risk for serious injury. There have been reported cases of severe leaks in the roof, holes in the walls, and electrical problems. The owners of such homes are often in and out of compliance and eventually fail to make the necessary changes to maintain their federal funding.

It appears, through an examination of the literature, that there is a strong association between financial distress and understaffing and physical plant problems. It is for this reason that nearly all nursing home closures have these situations in common.

Methodology

Information was gathered on the three nursing homes that closed as well as six other currently functioning Detroit nursing homes. These additional six nursing homes included Boulevard Temple, Americare, Luther Haven, Fairlane Nursing Center, DMC-Nursing Center, and Omni Continuing Care. Boulevard Temple and Luther Haven are non-profit homes and the other, four are corporately owned. Americare and Omni Continuing Care are owned by CIENA Healthcare Management, who also owned Rosewood.

Comparisons were made of financial status of the operations determined by percentage of Medicaid, Medicare and private pay residents, number of residents with legal guardians, number of complaints substantiated by the CIS over a three year period prior to the closures, and the number of complaints unsubstantiated by the CIS over a three year period prior to the closures for the three homes that closed, and the six functioning homes.

Citizens for Better Care local long-term care ombudsmen and student interns conducted visits to all displaced residents from the three homes that closed. The initial visits were made in the first week after their move, and follow-up visits were made at the end of the first and third months to determine the impact that the transfers. Statistics were gathered on the number of these residents that died, were hospitalized, moved home, were unaccounted for, or transferred to other nursing homes. Additional follow ups were conducted by phone in March 2004 to update this information.

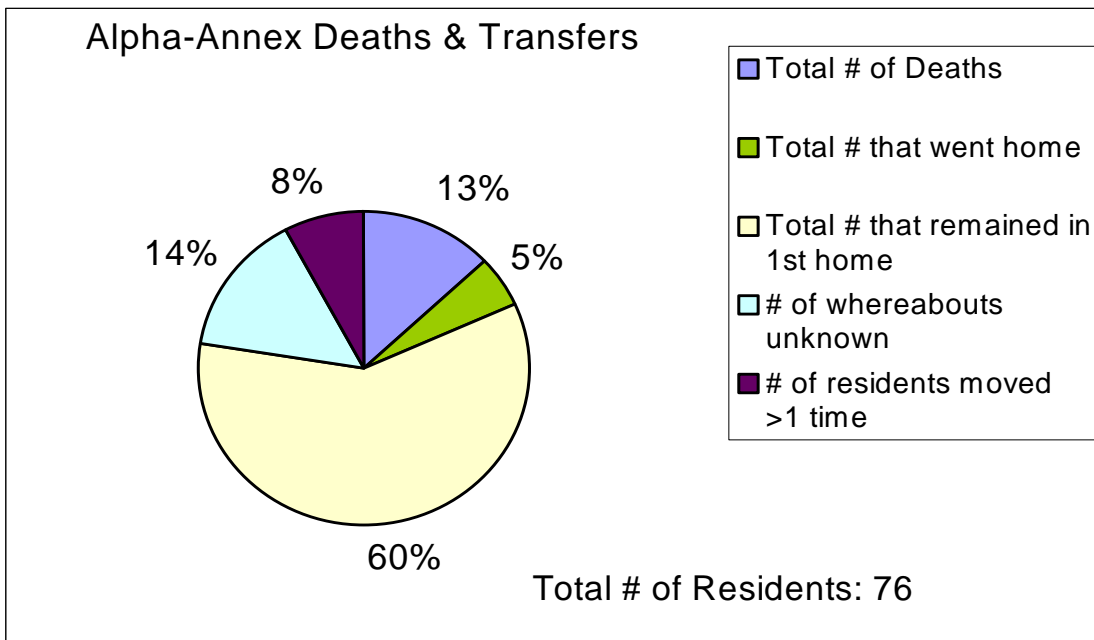
Studies were conducted on each nursing home’s survey results, survey re-visits, complaint investigations, and complaint re-visits.

Finally, interviews were conducted with local ombudsmen who were on site at each closing as well as with Mr. Walt Wheeler, Director of the CIS Bureau of Health System and Mr. Mike Dankert, to discuss the circumstances surrounding each closure.

Results

Alpha Annex Nursing Center began a voluntary closure in December 2002 because of financial constraints according to its owner Charles Dunn, of Metro Management. The closure took 4 weeks and 76 residents were transferred to 21 facilities. Although residents were given over a month to choose new placements, 46% were steered to two other facilities owned by Mr. Dunn that also had with quality care issues. After 15 months, 59% of Alpha Annex residents continue to reside in their first nursing home placement, 7% have moved for the second time, and 13% have died (see Figure 1).

Figure 1
Rosewood Living Center, owned by CIENA Health Care Management Inc. began an involuntary closure in July 2003 because of physical environment deficiencies.



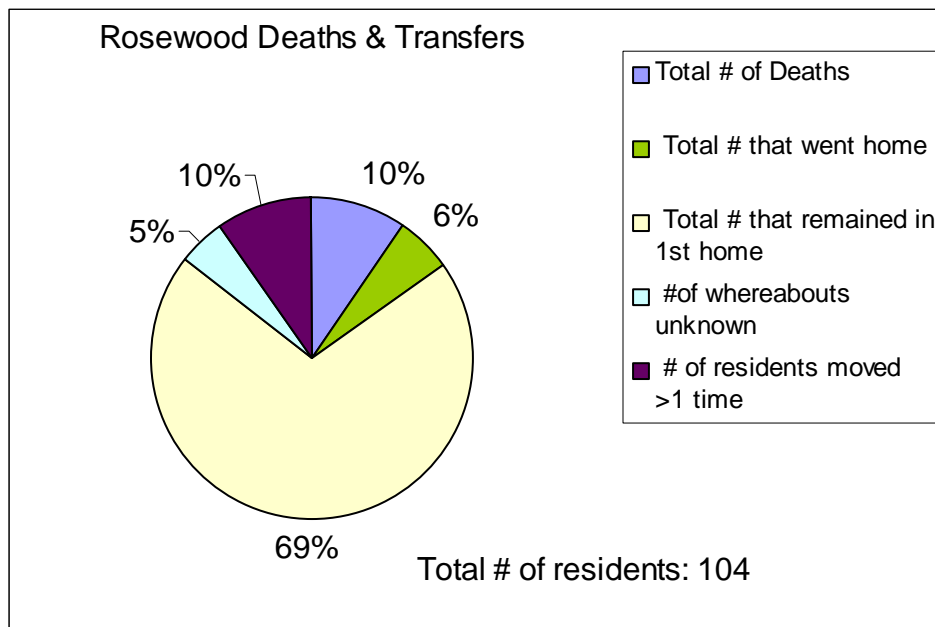
Rosewood Living Center “failed to provide a safe environment for residents due to a failure to maintain the facility’s heating system as required by R325.21310, and the inappropriate use of space heaters resulting in the forced evacuation of all residents in near freezing weather to other facilities; action which put the resident’s health and safety at further risk.”

Prior to the involuntary closure order a temporary manager had been placed in the home by the Michigan Public Health Institute at the request of the Michigan Department of

Consumer & Industry Services (CIS). The closure, already in process, became an emergency closure due to the lack of back-up generators to provide air conditioning and water during the massive August 14, 2004 blackout in Detroit. The closure took approximately 8 hours. During this time 104 residents were transferred to 21 facilities.

The situation surrounding the closure was traumatic for the residents who were transferred in the middle of the night without family notification or support. In the eight months immediately after the closure, 10% of the transferred residents died. 70% of Rosewood residents continue to reside in their first nursing home placement, and 34% of the residents were transferred to other facilities owned by CIENA. Many of these facilities had quality of care issues. At the time of the closure, residents were assured that they would be given additional facility choices after their emergency move. Only 10% have moved for the second time (Figure 2).

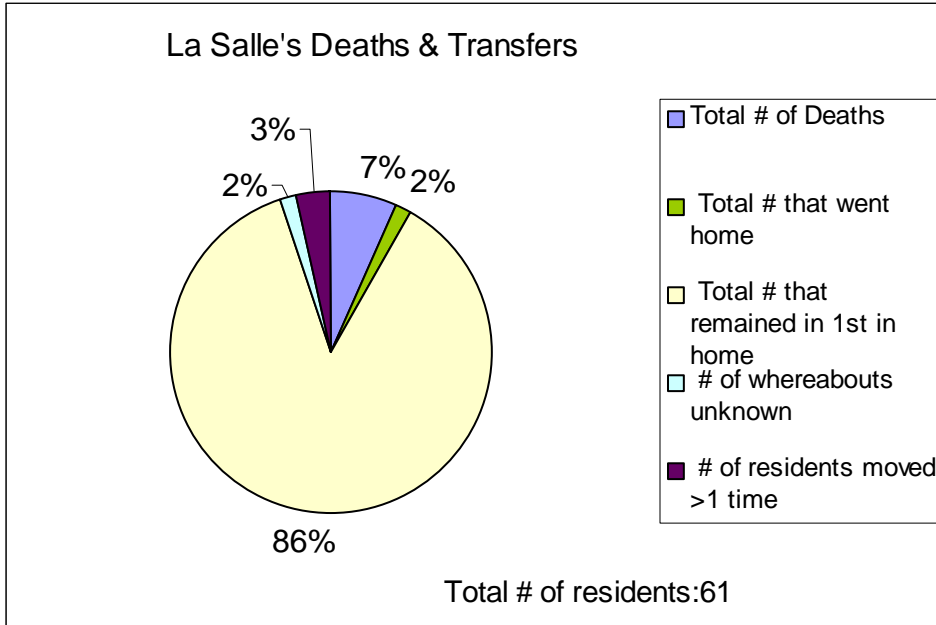
Figure 2



LaSalle Nursing Home, owned by LaSalle Nursing Home Corporation began a voluntary closure in November, 2003 because of the financial impact due to the decertification of the home for Medicaid payments. This decertification was a result of the home's inability to make corrections in a five-month period as required by law after their May 2, 2003 standard survey. Nursing homes are given 90 days to comply with corrective actions on deficiencies cited at the time of survey.

The closure took seven days and 61 residents were transferred to 23 facilities. The intense pressure by the owner of LaSalle on residents to move quickly resulted in visible trauma to residents. Long time friends were separated and families felt they were not given a full range of options for new placements. Follow-up visits by the Citizens for Better Care local long-term care ombudsmen indicated that after five months, 7% of the residents

have died, 87% of LaSalle residents continue to reside in their first nursing home placement, and 2% have moved a second time (Figure 3).



When comparing the prevalence of deficiencies between the three homes that closed and the six that continued to operate, there were substantially larger numbers in physical environment and quality of care in those that closed which is illustrated in Figures 4a and 4b.

Figure 4a

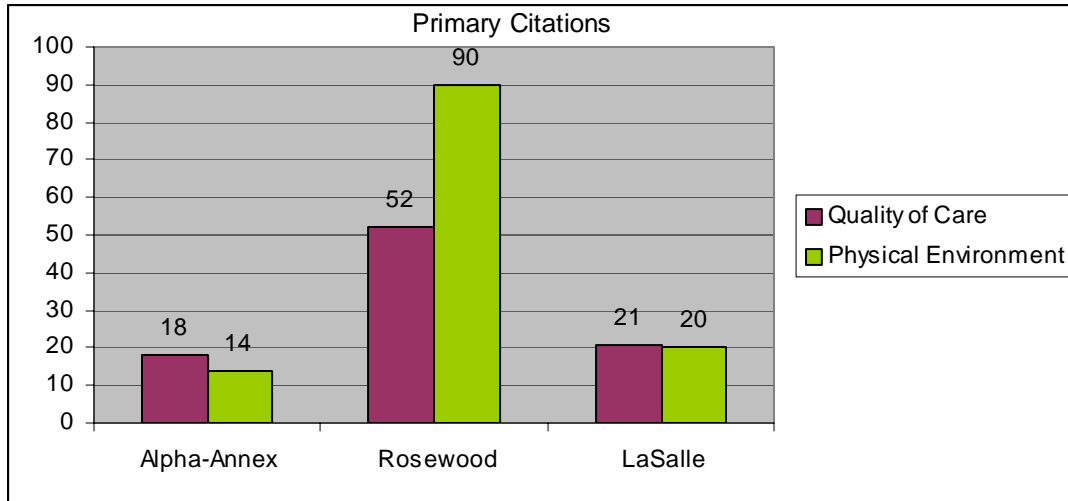
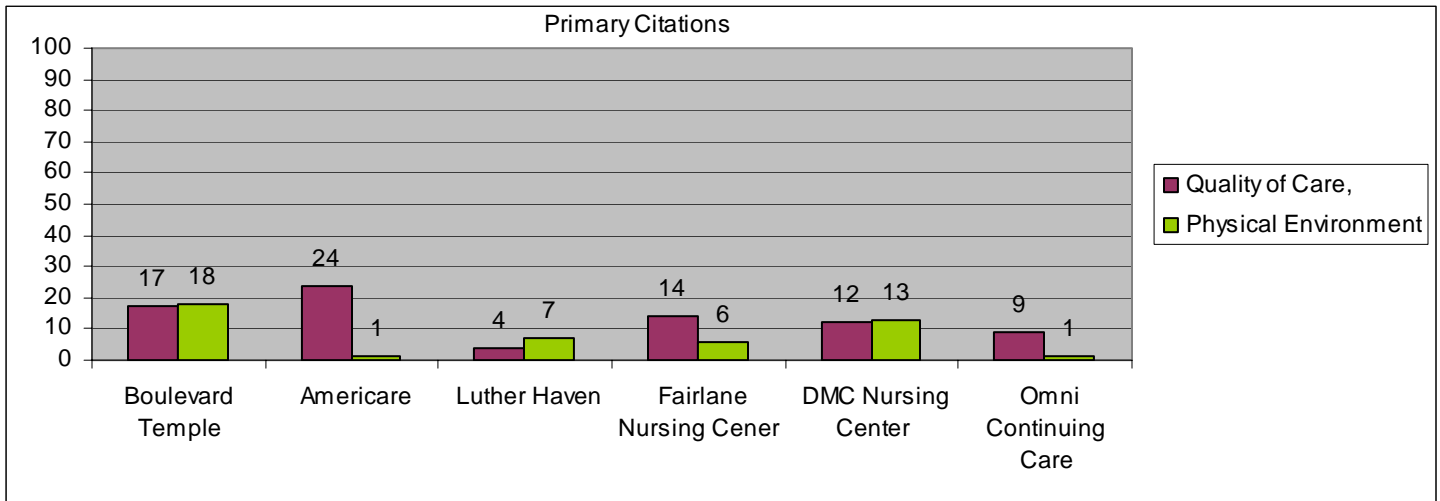


Figure 4b



Conclusions, Recommendations, and Discussion:

A check list process should be developed to assist in identifying those homes that are at risk for closure.

In order to better serve and support residents of nursing homes, it is critically important to study patterns that emerge from facilities' surveys of deficiencies. The average number of deficiencies, for 2003, per nursing home in Michigan was seven, according to Medicare's Nursing Home Compare website (www.medicare.gov/nhcompare). Nursing homes with significantly higher numbers of annual deficiencies for two or more years become at risk for eventual closure.

Unfortunately, it is difficult to obtain accurate financial records from nursing homes, making it problematic to assess the financial status of the home. The profit and loss statement for homes that are corporately owned should be required to be made available to the Bureau of Health Services as part of the yearly survey.

Symptoms of financial distress include staffing problems, physical plant deterioration and environmental hazards. Homes that are routinely cited for these issues could very well be in financial distress and therefore at greater risk for involuntary closure.

The role that stress plays in illness, depression and death following nursing home closures is borne out by the observations of participants at these closures; their anecdotal evidence supports the common sense view that amelioration of stress during the nursing home closure process is paramount.

It should also be noted here that within two weeks after these three closures seven LaSalle residents had died, five Alpha Annex residents had died, and four Rosewood residents had died. Information on the six additional nursing homes in the study indicated that the average number of resident deaths per month was one in Luther Haven

and one in Detroit Medical Center and two in Americare. The other three facilities in the survey accept hospice residents, which was a factor that increased the numbers of deaths per month. In those facilities, Fairlane averaged 3 deaths per month, and Boulevard Temple and Omni Care averaged 4 deaths per month.

When a facility's closure is imminent, it is imperative that adequate support be provided for the home's residents, both in selecting a new nursing home or exploring other available options. As a result of the shortages of Medicare beds in the city of Detroit, potential and current consumers have fewer options for good care in quality facilities in the city. Some consumers have been forced to seek beds far outside their neighborhoods in the City of Detroit. Consequently, these consumers must live away from the family and friends that play an important role in monitoring their care.

Many of the residents from the closed facilities were forced to accept placements in nursing homes that also had high levels of complaints. This is the result of few available options, as well as the fact that the residents did not have adequate time to make a difficult and life-changing decision

When a nursing home closes, it can be seen as a good opportunity to assess residents to see if their needs could be met within the community instead. Unfortunately, at the present time, Detroit has neither sufficient affordable assisted living facilities nor moderately-priced home health care to provide meaningful options to residents faced with difficult choices. This means that, most often, another substandard skilled nursing home will be the only choice open.

The Michigan Department of Community Health's Bureau of Health Services is charged with licensing, regulating, imposing penalties and closing nursing homes. BHS conducts a survey of each licensed long-term care facility every 12 to 18 months; it investigates written complaints within 3 to 5 days. The findings of these activities are public record found at www.medicare.gov. Licensed homes for the aged, adult foster care homes and skilled nursing homes have ninety days to submit plans of correction of deficiencies cited by the BHS surveyors. A re-visit is then made by the state survey team, and, if the facility is still out of compliance, it is given yet another ninety days to correct deficiencies.

An examination of complaints investigated by BHS shows that ninety percent of complaints against Michigan nursing homes are unsubstantiated. When the complaints are read carefully, it is often difficult to understand why so many of them are not in fact substantiated by investigators. An inconsistency of priorities appears to exist among state surveyors. In preparing this study, a clear pattern of "bulking up" citations against nursing facilities appeared in the year preceding the closing of a nursing home. That is not to say that the citations found were unnecessary or not justified, but that the increased citations could have been issued earlier and therefore corrected earlier. Making necessary citations earlier in a facility's history could lead to negating the necessity for closing the nursing home altogether.

The questions that this study leads to are:

1. What structural changes are needed in the Bureau of Health Systems to address the need for an early warning system to address potential nursing home closures?
2. What structural changes are needed in the Bureau of Health Systems to address the inability of the current complaint process in meeting the immediate needs of nursing home residents?
3. What structural changes are needed in the Wayne County Nursing Home Closure Team to provide a coordinated response to emergency closures?
4. What structural changes are needed in the Wayne County Nursing Home Closure Team to guarantee the residents rights to chose their placements?
5. What additional services should be available to nursing home residents and their families prior to and after a nursing home closure?
6. How can plans be developed and implemented in Detroit to provide licensed, affordable alternatives to nursing home housing?

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